

From: Karen Tsay. Sent: 4/21/2006 4:25 PM.  
To: [ - ] deal\_review@google.com; emg@google.com; EMGEA@google.com; ostaff@google.com; Anne Montez; Brad Chin; Diane Noonan; Ginger Franke; Jim Marocco; Joan Braddi; Julio Pekarovic; Mark Fuchs; Nicole Wong; Susan Wojcicki.  
Cc: [ - ] Jeff Shardell; David Graham; Andy Rubin; Vinay Bhargava; Daniel I. Alegre; Sanjay Kapoor.  
Bcc: [ - ]  
Subject: EMG Deal Review - April 24, 2005.

We have the following agenda for next week's EMG deal review:

- Sun / Android (Andy Rubin)
- HP SMB (Vinay Bhargava)
- Intel OEM Program (Vinay Bhargava)
- Amazon (David Graham)
- China Mobile (Daniel Alegre) - tentative

Attached please find the presentation slides sans Amazon and China Mobile.

The meeting will be at 11am PST in Marrakesh building 43.

Dial in details:

conference number: 888-834-2663

international: 617-786-4658

Conference Code: 77734112

Deal Review Team



HIGHLY CONFIDENTIAL – ATTORNEY'S EYES  
ONLY

Oracle America v. Google, 3:10-cv-03561-WHA

GOOGLE-26-00031474

## EMG Deal Review – April 24, 2006

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- Sun / Android (Andy Rubin)
- HP SMB (Vinay Bhargava)
- Intel OEM Program (Vinay Bhargava)
- Amazon (David Graham)






# Android/Sun

final approval

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Andy Rubin, Tim Lindholm, Chris DiBona, Ethan Beard, Frank Montes





## Agenda

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- Partner Overview
- Sun + Google co-development agreement status
- Open Source License status
- Fees and payments
- Press announcement
- What if?
- Key Asks

## Partner Overview - Sun Microsystems



### Who Are They?

- Products and services for network computing
  - Java dominates wireless industry
  - Carriers require Java in their terminal terminal specifications
- Statistics
  - Not profitable
  - \$15.4B Market Cap
  - \$11.6B revenue
  - \$469M EBITDA
  - \$2.45B cash
- Market Presence
  - 1B Java embedded handsets
  - 180 carrier deployments
- Size
  - Offices in 170 countries worldwide
  - 40k employees

### Why Do the Deal?

- Provides a professional services and distribution for our open source handset strategy
- Dramatically accelerates our schedule
- Form an open industry alliance to block MSFT
- Create value for wireless stakeholders





## Proposed Deal Terms



<b>Client</b>	<ul style="list-style-type: none"> <li>Sun Microsystems</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>5 years, renewable</li> <li>Co-development partnership</li> </ul>
<b>Proposal</b>	<ul style="list-style-type: none"> <li>Sun makes Java Open Source as part of Android platform</li> <li>Companies work together to bring Android platform to market</li> </ul>
<b>Exclusivity</b>	<ul style="list-style-type: none"> <li>Exclusive</li> </ul>
<b>Data Use / Restrictions</b>	<ul style="list-style-type: none"> <li>See detailed slides</li> </ul>
<b>Fee</b>	<ul style="list-style-type: none"> <li>\$28M</li> <li>Payments spread over 3 years</li> </ul>
<b>Attribution</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Termination / Other Issues</b>	<ul style="list-style-type: none"> <li>Structured as 4 agreements. Initial agreement Plus...</li> <li>Project Plan (aka schedule)</li> <li>Go To Market Plan (aka open source hosting, launch partners)</li> <li>Governance Model (alliance structure)</li> </ul>

## Agreement Status



- Base agreement ready to sign
- Exhibits 45 days after signing
  - Project Plan
  - Marketing Plan
  - Governance model
- No payment until all are signed

## Agreement highlights



- This is a Co-development agreement
  - Sun handles Java + Tools
  - Google handles OS
  - Mutually agree on architecture
- Sun creates commercial implementation, becomes “Redhat”
  - Provides Carrier and OEM support
    - Core to their business model
  - Does not want Google to compete
    - Google carved out HTC and LG
    - Google can work with its partners 6 months after initial release
- Sun manages developer community
- Google manages repository and bug database, becomes “Linus Torvalds”



## Open Source License



- Only OSI Certified Licenses
- Dual License
  - Sun CDDL (OSI approved, Mozilla derivative) for Java
    - <http://www.sun.com/cddl/>
    - Includes patent grants
    - Granular file-based copy-left
    - Required because of MSFT settlement
  - ASF 2.0 for everything Google

## Fees and Payments



- Previously \$36M approved by EMG
  - EMG uncomfortable with price
- Negotiations ensued
  - New price \$28M spread over 3 years



## Press Announcement

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- Both parties agree to a joint press announcement
- Best strategy is a pre-announcement to relieve industry fears

## What If?



- What if we don't do this deal?
  - Too expensive
  - Co-development suboptimal
- Open Source our Guava implementation
  - Schedule impact
  - Adversarial Approach
  - Some carriers require Java certification
- Take a lesser license
  - Smaller payment
  - Not Open, puts Sun in a position of control

## Key Asks



- Final Approval
- Agree to press announcement
- Agree to co-location of Sun engineers at Google



Q&A

